ANNUAL MANAGEMENT REPORT OF THE

OVERSEAS PRIVATE INVESTMENT CORPORATION

FOR FISCAL YEARS 2019 AND 2018

SUBMITTED PURSUANT TO

THE CHIEF FINANCIAL OFFICERS ACT OF 1990

(31 U.S.C., Section 9106)

AND IN ACCORDANCE WITH OMB'S CIRCULAR A-136

OVERSEAS PRIVATE INVESTMENT CORPORATION

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November 14, 2019

On behalf of the Overseas Private Investment Corporation, it is my pleasure to provide you with the Corporation's Annual Management Report and Financial Statements, which provides important information about the Corporation and its finances. The report reflects OPIC's continued record of successful financial management and stewardship of taxpayer funds as well as a steadfast commitment to accountability and transparency in all our programs and operations. Our financial strength and positioning on the global stage allows OPIC to be a key driver and innovator in addressing international development challenges while furthering the foreign policy priorities of the United States.

I am pleased that OPIC has successfully received another unmodified audit opinion which underscores our prudent management of exposure through sound underwriting and effective governance. In FY 2019, OPIC had combined total exposure of $25.7 billion while maintaining corporate reserves of $5.9 billion in Treasury securities. OPIC achieved these admirable financial results by adding new commitments of $5.3 billion in development financing and political risk insurance to its diverse portfolio.

These achievements are a testament to the value OPIC brings to U.S. taxpayers by engaging the private sector to help solve the world's economic development challenges. As I look ahead, I could not be more confident in in our ability to continue OPIC's legacy of success as leader in global development finance as we transition to the U.S. International Development Finance Corporation.

Sincerely,

David Bohigian
Executive Vice President

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, D.C. 20527
202.336.8400 | www.opic.gov

MANAGEMENT'S DISCUSSION & ANALYSIS

MISSION

The Overseas Private Investment Corporation is the U.S. Government's development finance institution. OPIC was created in 1969 under the Foreign Assistance Act of 1961 (FAA), as amended, as an agency of the U.S. Government and began operations in 1971 in accordance with the goals envisioned by Congress and incorporated in OPIC's authorizing statute.

Following through on a commitment to modernize the U.S. Government's development finance capabilities, President Donald Trump signed into law on October 5, 2018 the *Better Utilization of Investments Leading to Development Act of 2018* ("the BUILD Act"). The BUILD Act consolidates and modernizes the U.S. Government's development finance capabilities of OPIC and the Development Credit Authority of the U.S. Agency for International Development into a new independent agency: the U.S. International Development Finance Corporation (DFC).

The BUILD Act specifies a transition period during which all of the assets, liabilities, personnel, and functions of OPIC will be transferred to the DFC and OPIC will be terminated. The transition period will end 60 days after the enactment of an appropriation to the DFC. As of the date of this report OPIC continues to operate under a Continuing Resolution and no appropriation has been enacted for DFC.

With FY 2019, OPIC completed its 42nd consecutive year of generating negative outlays for the U.S. taxpayer while executing on its mission of development finance. Overall, the agency produced $5.3 billion in finance and insurance commitments and reduced the deficit to the benefit of the Treasury by $224 million.

As of September 30, 2019, the Corporation had combined total exposure of $25.7 billion. Consistent with OPIC's legislated limitation, this amount includes undisbursed commitments (obligations) and maximum contingent liability under OPIC's current insurance contracts.

ORGANIZATIONAL STRUCTURE

Board of Directors

OPIC's Board of Directors consists of fifteen members - eight from the private sector and seven from the federal government. At least two of the private sector directors must be experienced in small business, one must represent organized labor, and another must have experience in cooperatives. Government members include the Administrator of the Agency for International Development, the United States Trade Representative or Deputy U.S. Trade Representative, the President of OPIC, and four additional members who are senior officials of other government agencies, including the Department of Labor. All members are appointed by the President of the United States and confirmed by the Senate.

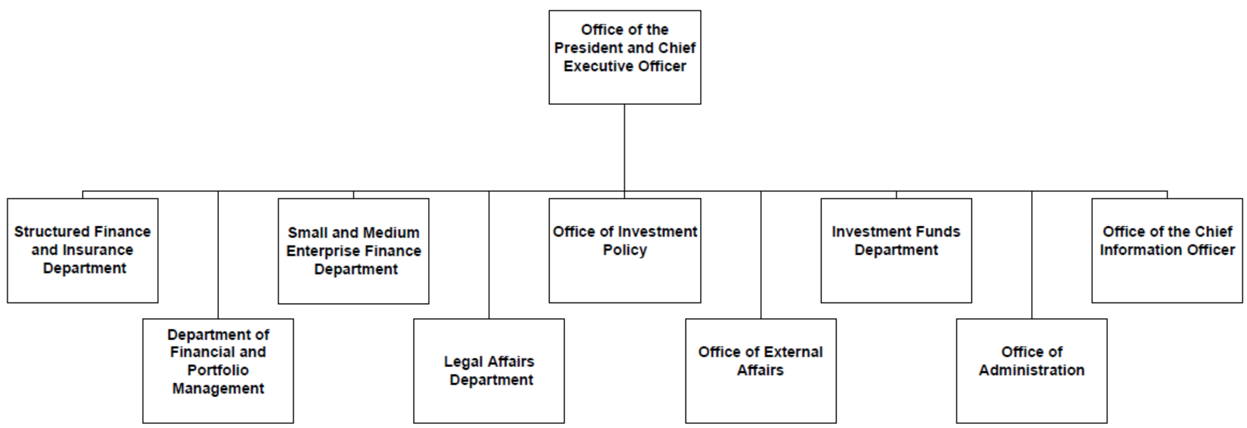
The Board of Directors, which meets four times per year, provides policy guidance to the Corporation and approves all major insurance, project finance and investment funds projects. The Board of Directors has instituted two committees to assist it in its oversight responsibilities.

Audit Committee
The Audit Committee has oversight responsibility of OPIC's financial reporting, internal control, and internal and external audit processes.

Risk Management Committee
The Risk Management Committee is responsible for reviewing, evaluating, coordinating, and making recommendations to the President & CEO of OPIC and senior management on financial, credit, legal, operational, reputational, and other risks.

Executive Offices

OPIC Organization Chart



Office of the President and Chief Executive Officer – The President and CEO of the Corporation provides overall leadership, and chairs the Board of Directors. The Office includes the Senate-confirmed Executive Vice President, the Chief of Staff, and the Office of Accountability.

Office of External Affairs - The Office of External Affairs engages all of OPIC's stakeholders in Congress, the Executive Branch, and the public at large. OEA conducts outreach to potential investors, provides internal support and resources for information needs, and addresses press inquiries.

Department of Financial and Portfolio Management – This office is responsible for the financial leadership of OPIC through financial management, controls, risk and portfolio management. FPM works with Senior Management to link financial and performance information to decision-making and ensure that strong internal control remains a part of all key management processes. FPM is comprised of 6 units that together, ensure the agency maintains the highest level of stewardship over OPIC's accounting, portfolio, and risk management systems.

- *Financial Management*
- *Budget and Resource Planning*
- *Credit Policy*
- *Portfolio Management Division*
- *Capital Mobilization and Financial Institutions*
- *Risk Management*

Small and Medium Enterprise Finance (SMEF) **-** SMEF lends to small and mid-market companies in developing overseas projects. SMEF works in a wide variety of industries. Sectors that receive special emphasis are renewable energy, impact investing, housing, and microfinance.

Structured Finance and Insurance (SFI) **-** Structured Finance and Insurance provides financing and insurance for larger and more complex projects due to either size, complexity, or location in high-priority foreign policy areas. SFI also offers eligible investors and projects insurance or reinsurance against risks of currency inconvertibility, expropriation, or political violence. OPIC also provides more specialized forms of insurance such as cover for capital markets, contractors, or institutional lenders with exposure in an eligible country.

Investment Funds - The Investment Funds Department supports through its lending the creation of privately owned, privately managed investment funds that make direct equity and equity-related investments in new, expanding, or privatizing companies. By providing long-term, patient growth capital and facilitating critically needed technology and management skills development, these funds act as a catalyst for private sector economic activity in the developing countries served.

Office of Administration - The Office of Administration (OA) offers a wide variety of programs to manage the agency's facilities and assets, and provides a wide range of support services.

- *Human Resources Management*
- *Security, Continuity, and Emergency Preparedness*
- *Facilities and Administrative Services*
- *Acquisitions*
- *Travel*

Office of the Chief Information Officer - The Office of the Chief Information Officer provides a variety of services to manage the agency's information technology needs and ensures the security of its data and information systems.

Office of Investment Policy - The Office of Investment Policy (OIP) implements statutory and policy requirements on OPIC's programs and lending. OIP screens, evaluates, and monitors projects for risks to the environment, respect for worker and human rights as well as impacts on US employment and the US economy.

Legal Affairs - The Legal Affairs Department provides in-house legal counsel and advice for all of OPIC including counsel to the Board of Directors and senior management, support for all transactions, interpretation and advice on laws, and negotiation of bilateral agreements with foreign governments.

KEY ISSUES

Summarized below are key issues to a reader of OPIC's Financial Statements. Not all matters material to the Financial Statements are discussed below.

<u>Key Challenge:</u> *Orderly Transition of the Corporation to the U.S. International Development Finance Corporation*– As of September 30, 2019, the Corporation is operating under the provisions of a Continuing Resolution (Public Law 116-59), which as of this report, extends OPIC's core programs through November 21, 2019. On October 5, 2018 the President of the United States signed the BUILD Act (Public Law 115-254) establishing the United States

International Development Finance Corporation. The BUILD Act specifies a transition period during which the assets, liabilities, and functions of OPIC will be transferred to the DFC. At the end of this transition period OPIC will be terminated. The transition period will end no later than 60 days after the enactment of an appropriation to the DFC.

OPIC Response: Management has developed a transition plan to effect the transfer of assets, liabilities, personnel, and functions to DFC that it was prepared to implement on October 1, 2019. OPIC has delayed execution on that plan until an appropriation is passed for DFC.

Key Challenge: *Regional Concentrations* - OPIC must meet its mission to support the mobilization of private capital in the most challenging regions of the world while at the same time remaining self-sustaining and managing its exposure. In addition, OPIC must support U.S. development policy and broad national security strategy such as economic recovery in post-conflict areas. This could lead to particular concentrations of risk and exposure which OPIC must reconcile to its self-sustaining mandate.

OPIC Response: As of September 30, 2019, OPIC's exposure is $25.7 billion. OPIC actively monitors and manages its exposure to balance its mission against its responsibility to operate in a self-sustaining manner. OPIC's exposure has a geographic distribution as follows:

Maximum Worldwide Exposure by Geographic Region
As of September 30, 2019
Dollars, Millions

Latin America and the Caribbean	$8,120	32%
Sub-Saharan Africa	$5,270	21%
North Africa/Middle East	$4,422	17%
Eastern Europe & NIS	$3,126	12%
Asia	$3,931	15%
Worldwide Funds	$1,629	6%
Stop Loss Adjustments	($799)	-3%
TOTAL	$25,699	100%
Statutory Limitation	$29,000	

The Corporation meets a straightforward measure of its self-sustaining mandate through prudent risk management, sound underwriting, a diversified portfolio, and maintaining collections in excess of its revenues.

Key Challenge: *Portfolio Risks* - As a lender and insurer in developing countries, OPIC faces and manages the possibility that a significant credit or insurance event affecting multiple transactions could trigger net losses in OPIC's portfolio. While unlikely, it is possible that these events could result in costs exceeding collections in a future fiscal year.

OPIC Response: *Risk Governance and Management* – While the past is never a guarantee for the future, OPIC has a long history of collecting revenues in excess of expenses.

The Corporation and its governing legislation anticipates the potential risk of net losses by (1) budgeting and accounting for risks in the credit portfolio through the Federal Credit Reform Act of 1990, (2) drawing on OPIC's long experience with managing any losses then mitigating them through recoveries, and (3) counterbalancing any potential event with OPIC's actual cumulative record and $5.9 billion in reserves held in Treasury securities.

In addition, OPIC management continues to improve its methods and processes to better manage risk – ranging from more detailed accounting under the Federal Credit Reform Act of 1990, to new financial risk analysis platforms, to a more comprehensive enterprise-wide risk process at OPIC. Management's investments in risk analytics, processes, and operational risk management will enable the Corporation to continue its development mission even while protecting the taxpayer and contributing to deficit reduction through self-sustaining operations.

Key Challenge: *Relationship of Appropriations to OPIC's Ability to Generate Collections* – OPIC's resources are appropriated from its own earnings and not from the General Fund of the U.S. Treasury. These resources are used to staff and support the teams which conduct, underwrite, monitor, support and account for transactions. Achieving projected levels of collections is dependent upon the Corporation having the budgetary resources necessary to support these activities. Under current programs, transactions on average generate more income than they use – producing income which is credited during the appropriations process. If appropriations are reduced OPIC's ability to generate collections could be challenged.

OPIC Response: OPIC carefully screens its projects so as to focus its limited resources on the most valued-added and mission-relevant projects. OPIC works with its appropriators, the Office of Management and Budget, and its existing flexibilities to ensure it has the resources necessary to manage and support its existing portfolio and OPIC works within its legislative authorities to maximize the resources available for its use.

PERFORMANCE GOALS, OBJECTIVE, AND RESULTS

By charging fees and focusing on sustainable projects, OPIC operates at no net cost to the Treasury or taxpayer. Since the agency's establishment in 1971, OPIC has generated cumulative results of operations of $5.9 billion.

OPIC continued to be a net contributor to the budget and to operate on a self-sustaining basis, even as it deployed additional capital in some of the world's more challenging markets.

OPIC provides significant development benefits in fulfillment of its mission. OPIC's reporting under Section 240 of the Foreign Assistance Act highlights several measures. Listed below are FY 2018 results available as of this report:

Projected Development Impacts of FY 2018 Projects*

Managerial, Professional and Technical Jobs**	5,012
Unskilled labor*	7,237
Initial host country procurement	$5.19 billion
Host country operational procurement*	$0.85 billion
Net annual taxes, revenues, duties paid to the host country*	$0.15 billion
Annual host country current account impact	
Exports generated*	$69 million
Project-related imports	$3.1million

* 2018 is the most recent data available
**Average annual amount projected over a 5-year period

FINANCIAL STATEMENTS

The accompanying FY 2019 financial statements have been prepared in accordance with generally accepted accounting principles in the United States applicable to federal agencies. The format of the financial statements and footnotes are in accordance with the form and content guidance provided in Circular A-136, Financial Reporting Requirements, issued by the Office of Management and Budget (OMB). Circular A-136 details the financial data required to be disclosed, the assertions and reviews over financial information that must be performed and suggests the presentation of such information.

Table of Key Measures *(in thousands)*

BALANCE SHEET: SUMMARY DATA	2019	2018	Percent Change
Fund Balance with Treasury	$ 900,342	$ 960,439	(6)%
Investments	5,876,995	5,828,307	1%
Credit Program Receivable, Net	3,093,403	2,688,903	15%
Negative Loan Guarantee Liability	258,422	153,279	69%
Other Assets	21,528	939	2193%
Total Assets	**$ 10,150,690**	**$ 9,631,867**	**5%**
Borrowings from Treasury	3,829,441	3,475,086	10%
Downward Reestimate Payable to Treasury	253,326	204,271	24%
Unearned Revenue	122,483	104,366	17%
Insurance Program Liabilities	16,393	17,166	0%
Other Liabilities	6,684	7,123	(6)%
Total Liabilities	**4,228,327**	**3,808,012**	**11%**
Total Net Position	**5,922,363**	**5,823,855**	**2%**
Total Liabilities and Net Position	**$ 10,150,690**	**$ 9,631,867**	**5%**

STATEMENT OF NET COST: SUMMARY DATA	2019	2018	Percent Change
Gross Costs	(42,097)	101,292	(142)%
Less: Earned Revenue	(294,579)	(249,814)	18%
Net Cost of Operations	**$ (336,676)**	**$ (148,522)**	**127%**

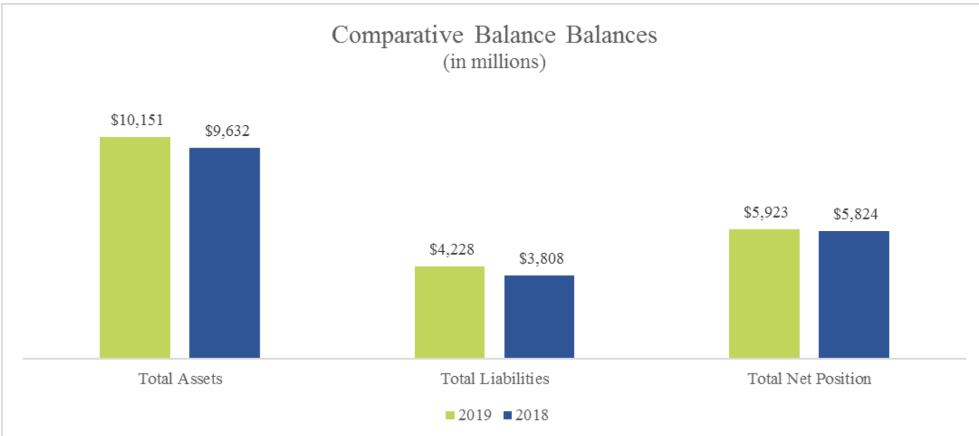
STATEMENT OF BUDGETARY RESOURCES: SUMMARY DATA	2019	2018	Percent Change
Unobligated Balance from Prior Year Budget Authority	6,273,805	6,190,618	1%
Appropriations	290,276	376,573	(23)%
Borrowing Authority	2,153,385	724,489	197%
Spending Authority from Offsetting Collections	701,270	869,710	(19)%
Total Budgetary Resources	**$ 9,418,736**	**$ 8,161,390**	**15%**

Overview of Financial Position

In accordance with the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994, OPIC prepared financial statements, which include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and the Statement of Budgetary Resources.

Balance Sheet

The balance sheet is a representation of OPIC's financial condition at the end of the fiscal year. It shows the resources available to meet its statutory requirements (Assets); the amounts it owes that will require payment from the available resources (Liabilities); and, the difference between Assets and Liabilities is OPIC's Net Position.

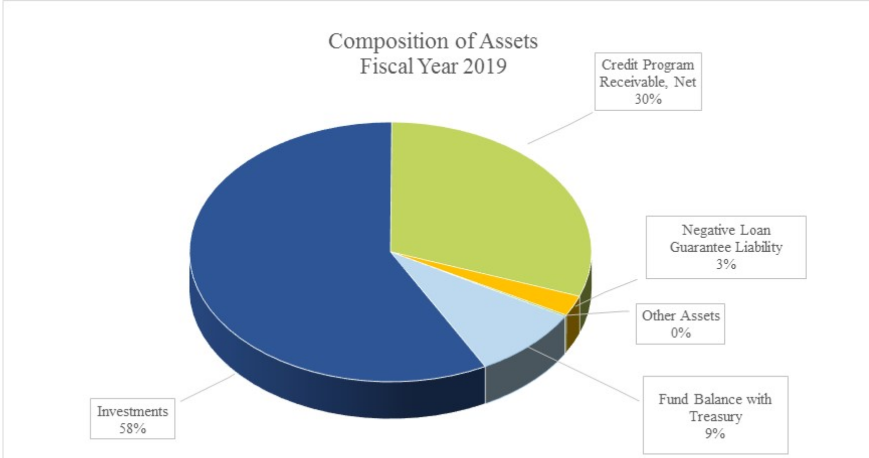


Assets

At the end of FY 2019 and 2018, OPIC held $10.2 billion and $9.6 billion in assets respectively. The majority of OPIC's assets are Fund Balance with Treasury (FBWT), Investments in Securities, and Credit Program Receivables. The Balance Sheet separately identifies intragovernmental assets from all other assets. The largest category of assets is investments at $5.9 billion, which represents 58% of all OPIC assets.

Fund Balance with the U.S. Treasury: The Fund Balance with the U.S. Treasury decreased by $60 million from $960 million at September 30, 2018 to $900 million at September 30, 2019. This 6% decrease is primarily attributed to the net effect of new direct loan disbursements, principal, interest and fee collections, and interest on Treasury investments.

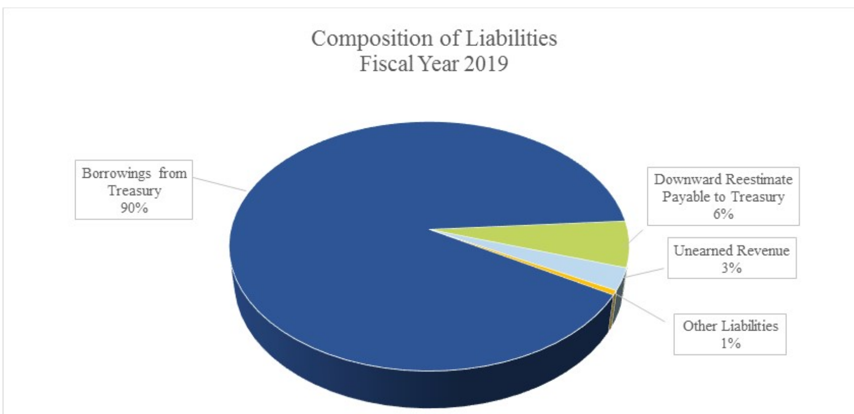
Credit Program Receivable, Net: Loans Receivable increased by $405 million from $2.69 billion at September 30, 2018 to $3.09 billion at September 30, 2019. This is driven primarily by $585 million in direct loan disbursements, offset by repayments and other adjustments.



Liabilities

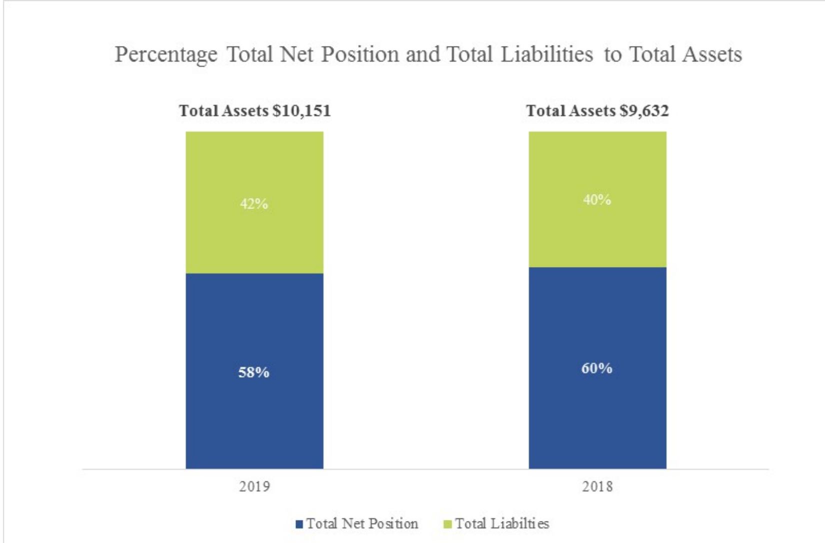
OPIC liabilities, or amounts owed from past transactions or events, were $4.23 billion and $3.81 billion as of and for the years ended September 30, 2019 and 2018 respectively. The bulk of these liabilities are $3.83 billion in borrowings used to fund credit transactions and $253 million in downward reestimates payable.

Borrowings from the U.S. Treasury: Borrowings from the U.S. Treasury increased $354 million from $3.48 billion at the end of fiscal year 2018 to $3.83 billion as of September 30, 2019. The net increase is attributable to borrowings required to fund increased credit program receivables.



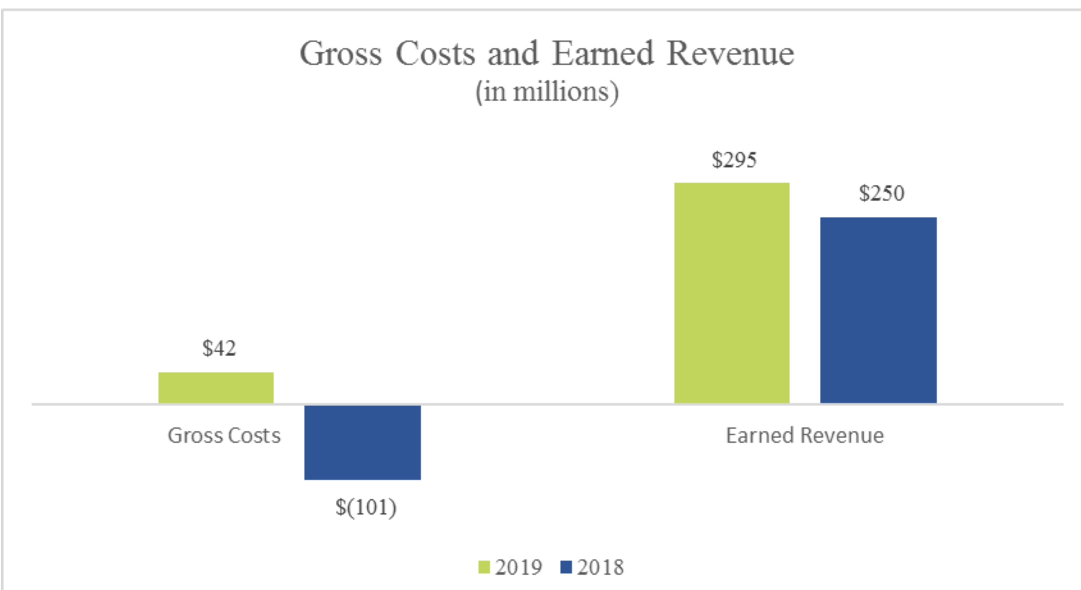
Net Position

OPIC's Net Position represents the difference between assets and liabilities. Changes in OPIC net position results from changes that occur within the Cumulative Results of Operations and Unexpended Appropriations. Cumulative Results of Operations were $5.91 billion and $5.82 billion as of September 30, 2019 and 2018, respectively. Unexpended Appropriations were $8 million and $4 million as of September 30, 2019 and 2018, respectively. OPIC's Net Position as of September 30, 2019 represents 58% of Total Assets.



Statement of Net Cost

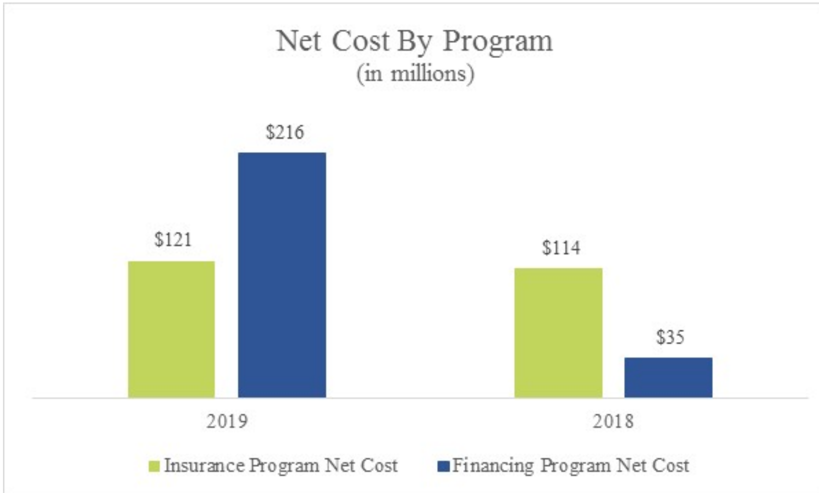
As mentioned, OPIC's Statement of Net Costs follows generally accepted accounting principles in the United States applicable to federal agencies. The statement of net cost typically captures the use of appropriated funds and measures the program costs to the taxpayer. OPIC has historically operated in a "negative net cost" to the taxpayer and routinely contributes to the overall reduction of the budget deficit. OPIC's net excess revenue over cost for FY 2019 was $337 million. Subject to the appropriations process, some of the funds were used to cover administrative and program expenses.



The main driver of the Statement of Net Cost is recognition of subsidy costs and the accrual of annual reestimates of subsidy expense/income. In FY 2019 OPIC incurred net negative subsidy costs of $262 million and a net upward subsidy reestimate of $24 million.

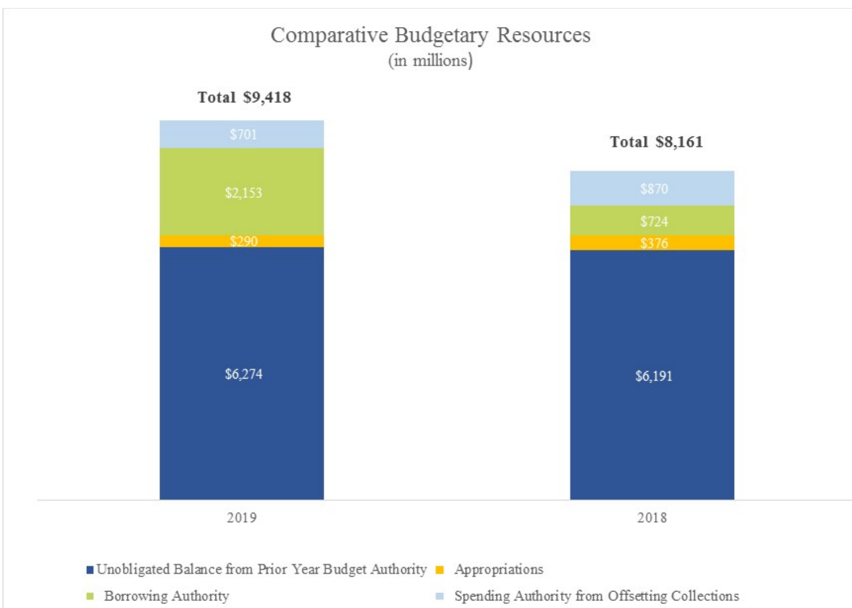
Fees and interest collections flow through the Statement of Net Cost. However, they have no impact as these subsidy related fees are fully offset in the provision for credit losses in the Balance Sheet.

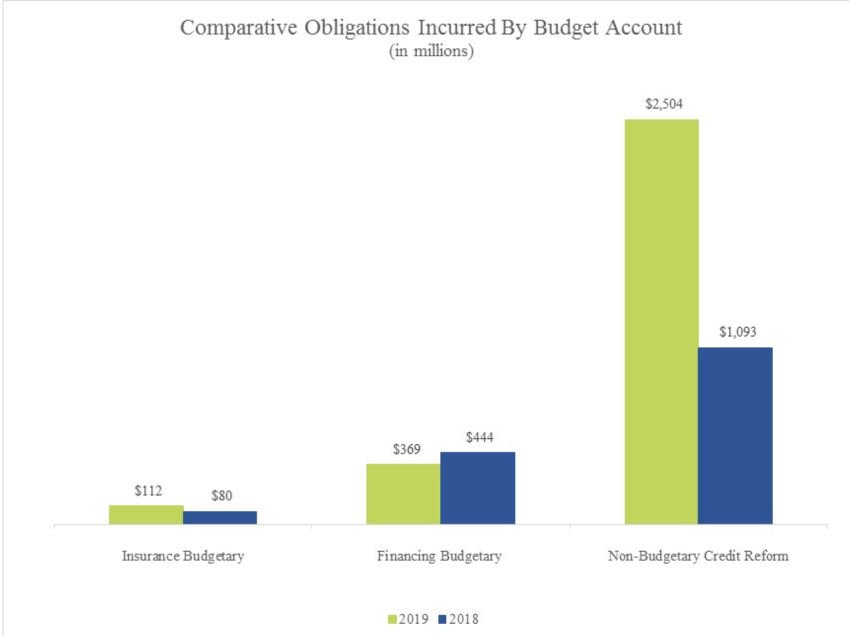
Net Insurance Program Costs: Insurance program activities in this statement represent premiums earned by the political risk insurance program as well as revenue from reserves invested in Treasury securities, net of administrative expenses. Net Insurance Program Costs were negative $121 million and negative $114 million as of September 30, 2019 and 2018, respectively.



Statement of Budgetary Resources

In accordance with Federal statutes and implementing regulations, OPIC may incur obligations and make payments to the extent it has budgetary resources to cover such items. The Statement of Budgetary Resources (SBR) presents the sources of OPIC's budgetary resources, their status at the end of the year, and net outlays. Obligations represent direct loan commitments, related positive and negative subsidy commitments, contractual commitments, and other reservations of funds.





Significant Factors Influencing Financial Results

The long-term cost to the government for direct loans and loan guarantees, other than for general administration of the programs, is referred to as "subsidy cost." Under the Federal Credit Reform Act, direct loan and loan guarantee subsidy costs are determined as the estimated net present value of the future projected cash flows in the year the loan is obligated. Subsidy costs are reestimated on an annual basis. OPIC's financial results are dominated by these estimates of subsidy costs and year-to-year adjustments to the valuation of its portfolio.

Subsidy Costs of New Disbursements

To calculate subsidy costs for new loans or guarantees, estimates are developed of the expected cash outflows and inflows over the life of the direct loans obligated or loan guarantees committed. Historical information and various assumptions are used, including the probabilities of default, borrower prepayments, or recoveries, and the projected timing of these events, to make informed predictions about expected future cash flows. These expected cash flows are then discounted to the point of loan disbursement to determine the net present value. If the present value of estimated cash outflows exceeds cash inflows, there is a positive subsidy cost. If the present value of estimated cash inflows exceeds cash outflows, there is a negative subsidy.

When loans are disbursed OPIC recognizes this subsidy cost (or negative subsidy) in the Statement of Net Costs. In FY 2019, OPIC recognized net subsidy costs of ($262) million.

Reestimated Subsidy Costs

The data used for subsidy cost estimates are updated—or reestimated—annually at the end of each fiscal year to reflect actual loan performance and to incorporate any changes in expectations about future loan performance. Reestimates that increase subsidy costs are referred to as upward reestimates, while reestimates that decrease subsidy costs are referred to as downward reestimates. The following are the primary drivers of OPIC's annual reestimated subsidy costs.

Reevaluation of Risk Ratings
In fulfilling its mission to mobilize and facilitate the participation of United States private capital in the economic and social development of less developed countries and areas, OPIC must balance the risks associated with assuming credit and other emerging market risks that the private sector is unable or unwilling to accept. Repayment risk is the risk that a borrower will not pay according to the original agreement and OPIC may eventually have to write-off some or all of the obligation.

Repayment risk is primarily composed of:

> Credit Risk: The risk that a borrower may not have sufficient funds to service its debt or may not be willing to service its debt even if sufficient funds are available.
>
> Political Risk/Country Risk: The risk that payment may not be made to OPIC, its guaranteed lender, or its insured as a result of expropriation of the obligor's property, war, or inconvertibility of the borrower's currency into U.S. dollars.

Each year, these factors are considered and ratings on all active loans are reevaluated and corresponding default and recovery assumptions are updated accordingly.

Updates to Loan Level Discount Rates
Actual project cash flows and the estimation of the timing of future inflows and outflows are discounted with respect to the time value of money using the Office of Management and Budget's Credit Subsidy Calculator (CSC). The CSC is a tool that converts actual and future project cash flows to their net present value in order to determine the reestimated credit subsidy cost. The CSC produces the single effective rate, equivalent to the rate at which OPIC owes interest on debt held by the Treasury and earns interest on cash balances held at the Treasury. This single effective rate is a loan-specific discount rate first calculated at obligation. At the end of each fiscal year, revised rates are calculated for loans that became at least 90 percent disbursed in the current fiscal year, using actual loan activity, updated forecasts, and all available actual interest rates. While on a portfolio level, revised discount rates are calculated annually, each loan only receives a revised discount rate once in its lifetime.

Updates to Interest Rates
Each year, the Office of Management and Budget updates the President's Economic Assumptions (PEA) and releases their associated PEA curves, one for Treasury and one for LIBOR rates according to those assumptions. These rates are used to project future interest for loans with floating interest rates. Updating these rates will only have an effect on loans with floating Treasury or floating LIBOR interest rates which need to be updated each year.

Updates to Projected Cash Flows with Actual Data
Loan level accounting transactions are captured from the General Ledger and used in the current year (FY 2019) of the cash flows. This replaces the FY 2019 projections developed from the FY 2018 reestimates and thus captures all amortization changes including timing of disbursements; collection of principal, interest, fees, and recoveries; as well as write-off and the realization of defaults.

Other Management Information

Limitations of the Financial Statements
The principal financial statements have been prepared to report the financial position and results of operations of OPIC, pursuant to the requirements of 31 USC 3515(b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

STATEMENT OF ASSURANCE

OVERSEAS PRIVATE INVESTMENT CORPORATION
WASHINGTON, D.C. 20527, USA

OFFICE OF THE
PRESIDENT

Statement of Assurance on Internal Control

The Overseas Private Investment Corporation (OPIC) management is responsible for establishing and maintaining effective internal control and financial management systems. OPIC maintains a system of internal controls, policies, and procedures designed to provide reasonable assurance that OPIC's operations are efficient and effective, laws and regulations are complied with, and reporting is reliable. OPIC conducted assessments of the effectiveness of internal control using OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control,* as a framework. Based on the results of this evaluation, OPIC provides reasonable assurance that its system of internal control over operations, reporting, and compliance, including considerations of fraud, met management's objectives and was operating effectively as of September 30, 2019. OPIC is not aware of any material weaknesses in internal control.

David Bohigian
Executive Vice President

INTERNAL CONTROLS

During FY 2019, OPIC performed its internal control assessment over reporting using the risk-based testing approach that was adopted by OPIC's Board of Directors Audit Committee. Under this approach, key business processes identified by management were tested using the guidelines in OMB's Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control.* Risk was assessed based on both quantitative as well as qualitative factors, including financial materiality, mission orientation, and the complexity and frequency of transactions. OPIC's financial materiality threshold for testing was established using the criteria in the Government Accountability Office's *Financial Audit Manual (FAM).*

OPIC assessed approximately 36 key controls in the following business processes:

- Investment Funds
- Cash Receipts – Fund Balance with Treasury
- Insurance

No material weaknesses were identified, and the results of this year's assessment, combined with management's role in daily internal controls, allows the agency to assert that there is reasonable assurance that overall, controls were properly designed and operating effectively during the year.

LEGAL COMPLIANCE

Anti-Deficiency Act

OPIC maintains compliance with the Anti-Deficiency Act (codified as amended in 31 U.S.C. §§ 1341, 1342, 1351, 1517) through several tiers of process and system controls to maintain funds control. Apportionments are developed in consultation with OMB and designed to provide OPIC with funds consistent with OPIC's authorities in appropriations and authorizing legislation. OPIC's financial management system records apportionments and establishes automated funds controls. All obligations are centralized in the financial management system, and through those processes, OPIC maintains control of its funding.

Federal Credit Reform Act of 1990

The Federal Credit Reform Act of 1990 (Public Law 101-508) establishes the accounting, budgeting, analysis, and display of loans and guarantees. Credit Reform is therefore central to the budgetary and financial operation of the Corporation and its operations with Treasury.

The Corporation maintains several key processes and platforms in support of its Credit Reform implementation, and maintains data and modeling capabilities for each stage of its life cycle from budgetary formulation, to obligation, and throughout actual execution. In FY 2019, the Corporation continued enhancement of its reestimate process, while maintaining compliance with the Federal Credit Reform Act of 1990.

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Executive Vice President
Overseas Private Investment Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Overseas Private Investment Corporation (OPIC), which comprise the balance sheets as of September 30, 2019 and 2018, and the related statements of net cost and changes in net position, the combined statements of budgetary resources for the years then ended, and the related notes to the financial statements (financial statements).

Management's Responsibility for the Financial Statements

OPIC management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (U.S.); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the U.S.; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-03*, Audit Requirements for Federal Financial Statements* (OMB Bulletin 19-03). Those standards and OMB Bulletin 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OPIC as of September 30, 2019 and 2018, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the U.S.

Required Supplementary Information

Accounting principles generally accepted in the U.S. require that OPIC's Management Discussion and Analysis (MD&A), and other Required Supplementary Information (RSI), be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information contained in OPIC's Annual Management Report under the headings of "Report on Improper Payments" and "Agency Head Letter" is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on the Other Information.

Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered OPIC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OPIC's internal control or on management's assertion on internal control included in the MD&A. Accordingly, we do not express an opinion on the effectiveness of OPIC's internal control or on management's assertion on internal control included in the MD&A.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the OPIC's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance with Laws, Regulations, Contracts and Grant Agreements

As part of obtaining reasonable assurance about whether OPIC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct effect on the determination of material financial statement amounts and disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported in accordance with *Government Auditing Standards* or OMB Bulletin 19-03.

Management's Responsibility for Internal Control and Compliance

Management is responsible for (1) evaluating the effectiveness of internal control over financial reporting based on criteria established under the Federal Managers Financial Integrity Act (FMFIA), (2) providing a statement of assurance on the overall effectiveness on internal control over financial reporting, and (3) complying with other applicable laws, regulations, contracts, and grant agreements.

Auditors' Responsibilities

We are responsible for obtaining a sufficient understanding of internal control over financial reporting to plan the audit and testing compliance with certain provisions of laws, regulations, contracts and grant agreements.

We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws, regulations, contracts and grant agreements applicable to OPIC. We limited our tests of compliance to certain provisions of laws, regulations, and contracts noncompliance with which could have a direct effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

Purpose of the Report on Internal Control over Financial Reporting and on Compliance

The purpose of the Report on Internal Control over Financial Reporting and on Compliance is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of OPIC's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OPIC's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

CliftonLarsonAllen LLP

Arlington, Virginia
November 14, 2019

OVERSEAS PRIVATE INVESTMENT CORPORATION

Financial Statements

As of and for the Years Ended

September 30, 2019 and 2018

OVERSEAS PRIVATE INVESTMENT CORPORATION
BALANCE SHEET
As of September 30, 2019 and 2018

(*in thousands*)	2019	2018
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 900,342	$ 960,439
Investments (Note 3)	5,876,995	5,828,307
Accounts Receivable, Net (Note 4)	-	42
Total Intragovernmental	6,777,337	6,788,788
With the Public:		
Accounts Receivable, Net (Note 4)	20,851	400
Credit Program Receivable, Net (Note 5)	3,093,403	2,688,903
Negative Loan Guarantee Liability (Note 5)	258,422	153,279
Property and Equipment, Net (Note 6)	677	497
Total Assets	$ 10,150,690	$ 9,631,867
Liabilities		
Intragovernmental:		
Borrowings from Treasury (Note 8)	$ 3,829,441	$ 3,475,086
Downward Reestimate Payable to Treasury (Note 9)	253,326	204,271
Other Liabilities (Note 12)	456	570
Total Intragovernmental	4,083,223	3,679,927
With the Public:		
Unearned Revenue (Note 10)	122,483	104,366
Insurance Program Liabilities (Note 11)	16,393	17,166
Other Liabilities (Note 12)	6,228	6,553
Total Liabilities	4,228,327	3,808,012
Net Position		
Unexpended Appropriations	7,714	4,000
Cumulative Results of Operations	5,914,649	5,819,855
Total Net Position	5,922,363	5,823,855
Total Liabilities and Net Position	$ 10,150,690	$ 9,631,867

The accompanying notes are an integral part of these statements.

OVERSEAS PRIVATE INVESTMENT CORPORATION
STATEMENT OF NET COST
For the years ended September 30, 2019 and 2018

(in thousands)	2019	2018
Insurance Program		
Gross Costs		
Operating Costs	$ 34,905	$ 32,787
Insurance Claim Recovery (Note 11)	(505)	(500)
Total Gross Costs	34,400	32,287
Less: Earned Revenue	(155,289)	(145,860)
Net Insurance Program Costs	(120,889)	(113,573)
Financing Program		
Gross Costs		
Operating Costs	161,571	144,457
Subsidy Costs/(Reduction)	(262,271)	(150,025)
Reestimates	24,203	74,573
Total Gross Costs	(76,497)	69,005
Less: Earned Revenue	(139,290)	(103,954)
Net Financing Program Costs	(215,787)	(34,949)
Net Cost of Operations	$ (336,676)	$ (148,522)

The accompanying notes are an integral part of these statements.

OVERSEAS PRIVATE INVESTMENT CORPORATION
STATEMENT OF CHANGES IN NET POSITION
For the years ended September 30, 2019 and 2018

(in thousands)	2019	2018
Unexpended Appropriations		
Beginning Unexpended Appropriations	$ 4,000	$ -
Appropriations Received	290,276	376,573
Appropriations Transferred-In	5,200	4,000
Appropriations Used	(291,762)	(376,573)
Total Unexpended Appropriations	7,714	4,000
Cumulative Results of Operations		
Beginning Balance	5,819,855	5,663,846
Budgetary Financing Sources		
Appropriations Used	291,762	376,573
Transfers In/Out Without Reimbursement	(21)	-
Other Financing Sources (Non-exchange)		
Imputed Financing	2,218	2,147
Offset to Non-entity Collections	(535,841)	(371,233)
Total Financing Sources	(241,882)	7,487
Net Cost of Operations	336,676	148,522
Net Change	94,794	156,009
Cumulative Results of Operations	$ 5,914,649	$ 5,819,855
Net Position	$ 5,922,363	$ 5,823,855

The accompanying notes are an integral part of these statements.

OVERSEAS PRIVATE INVESTMENT CORPORATION
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the years ended September 30, 2019 and 2018

(in thousands)	2019 Budgetary	2019 Non-Budgetary Credit Reform Financing Accounts	2018 Budgetary	2018 Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources				
Unobligated Balance from Prior Year Budget Authority, Net	$ 5,880,575	$ 393,230	$ 5,798,203	$ 392,415
Appropriations	290,276	-	376,573	-
Borrowing Authority	-	2,153,385	-	724,489
Spending Authority from Offsetting Collections	187,066	514,204	211,768	657,942
Total Budgetary Resources	$ 6,357,917	$ 3,060,819	$ 6,386,544	$ 1,774,846
Status of Budgetary Resources				
New obligations and upward adjustments (total)	$ 480,835	$ 2,504,250	$ 523,729	$ 1,093,209
Unobligated Balance, End of Year				
Apportioned, unexpired accounts	44,468	151,874	66,773	-
Unapportioned, unexpired accounts	5,785,644	404,695	5,745,737	681,637
Unexpired unobligated balance, end of year	$ 5,830,112	$ 556,569	$ 5,812,510	$ 681,637
Expired unobligated balance, end of year	46,970	-	50,305	-
Unobligated Balance, end of year (total)	5,877,082	556,569	5,862,815	681,637
Total Budgetary Resources	$ 6,357,917	$ 3,060,819	$ 6,386,544	$ 1,774,846
Outlays (Net)				
Outlays, net	$ 257,290	$ 408,248	$ 309,335	$ 73,115
Distributed Offsetting Receipts	-	(481,785)	-	(425,120)
Agency Outlays, Net	$ 257,290	$ (73,537)	$ 309,335	$ (352,005)

The accompanying notes are an integral part of these statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Established in 1971, the Overseas Private Investment Corporation (OPIC) is a self-sustaining United States (U.S.) Government corporation created under the Foreign Assistance Act of 1961, as amended. OPIC facilitates U.S. private investment in developing countries and emerging market economies, primarily by providing direct loans, loan guarantees, and political risk insurance. On October 5, 2018 the President of the United States signed the BUILD Act (Public Law 115-254) establishing the United States International Development Finance Corporation (DFC). The BUILD Act specifies a transition period during which the assets, liabilities, and functions of OPIC will be transferred to the DFC. At the end of this transition period OPIC will be terminated. The transition period is expected to end no later than 60 days after the enactment of an appropriation to the DFC. The creation of the DFC extends the authority for OPIC's legacy programs through 2025.

B. Basis of Accounting and Presentation

The format of the financial statements and footnotes are presented in accordance with the form and content guidance provided in OMB Circular A-136, *Financial Reporting Requirements*. OPIC's financial statements are presented on the accrual and budgetary basis of accounting in accordance with U.S. GAAP promulgated by the Financial Accounting Standards Advisory Board (FASAB). Under the accrual basis, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting recognizes the legal commitment or obligation of funds in advance of the proprietary accruals and facilitates compliance with legal constraints and controls over the use of federal funds. The accompanying Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis. The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

Significant intra-agency transactions and balances have been eliminated from the principal statements for presentation on a consolidated basis, except for the Statement of Budgetary Resources, which is presented on a combined basis in accordance with OMB Circular No. A-136, *Financial Reporting Requirements*. As such, intra-agency transactions have not been eliminated from the Statement of Budgetary Resources.

Certain prior year amounts in the Balance Sheet, and footnotes have been reclassified to conform to the current year presentation.

C. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date the financial statements, and the reported amounts of revenue and expenses during the reporting period. OPIC management makes assumptions and uses estimates to prepare the financial statements based upon the facts that exist when the statements are prepared. Actual results may differ from those estimates.

The largest estimates are a result of the Federal Credit Reform Act of 1990 (FCRA) requirements. FCRA underlies the proprietary and budgetary accounting treatment of direct loans and loan guarantees. The long-term cost to the government for direct loans and loan guarantees, other than for general administration of the programs, is referred to as "subsidy cost." Under FCRA, direct loan and loan guarantee subsidy costs are determined as the estimated net present value of the future projected cash flows and obligated at the time the loan is approved. Future projected cash flows are developed from assumptions that include, but are not limited to, collections, repayments, default rates, and prevailing interest rates. OPIC recognizes the sensitivity of its projections to certain assumptions and therefore continually reviews the structure and functionality of its credit reform models to reflect the most accurate information at the date of the financial statements. Subsidy costs are reestimated on an annual basis.

Other estimates made by management are reflected in the liability for insurance programs. The loss experience of OPIC's Political Risk Insurance Program is characterized by high impact low frequency events. Due to the high number of variables that influence projection of the ultimate payments to cover insurance liabilities, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the estimation of the liability.

D. Fund Balance with Treasury

Fund balance with Treasury (FBWT) is the aggregate amount of funds in OPIC's accounts with Treasury. Treasury processes cash receipts and disbursements on OPIC's behalf to pay liabilities and finance authorized purchases, and OPIC's accounting records are reconciled with those of Treasury on a regular basis. OPIC's fund balance with Treasury includes all of its general, revolving, and deposit funds.

E. Investments

Investments are in U.S. Treasury securities and are carried at face value, net of unamortized discount or premium, and are held to maturity. OPIC has the ability and intent to hold its investments until maturity or until the carrying cost can be otherwise recovered.

F. Property and Equipment, Net

OPIC's property and equipment consists of general-purpose equipment used by the agency, leasehold improvements made to office spaces leased by OPIC, assets acquired under capital lease, internal use software, and when applicable, internal-use software development costs for projects in development. OPIC capitalizes property and equipment at historical cost for acquisitions that have an estimated useful life of two years or more. OPIC has a capitalization threshold of $50,000 for equipment, furniture, vehicles and leasehold improvement, and $250,000 for internal use software. OPIC expenses property and equipment acquisition that do not meet the capitalization criteria when purchased, as well as normal repairs and maintenance. The cost of property and equipment acquired under a capital lease is the amount recognized as a liability for the capital lease at its inception. Depreciation and amortization of property and equipment are computed using the straight-line method over the estimated useful life of the asset or lease term, whichever is shorter, with periods ranging from 5 to 15 years.

G. Federal Employee Benefits

Leave

Employee annual leave is accrued as it is earned and reduced as leave is taken. Each year the balance of accrued annual leave is adjusted to reflect current pay rates as well as forfeited "use or lose" leave. Amounts are reported as unfunded to the extent current or prior year appropriations are not available to fund annual leave earned but not taken. Sick leave and other types of non-vested leave are expensed as taken.

Employee Health and Life Insurance Benefits

OPIC employees may choose to participate in the contributory Federal Employees Health Benefit and the Federal Employees Group Life Insurance programs. OPIC matches a portion of the employee contributions to each program. Such matching contributions are recognized as current operating expenses.

Employee Pension Benefits

OPIC employees participate in either the Civil Service Retirement System or the Federal Employees Retirement System (FERS) and Social Security. These systems provide benefits upon retirement and in the event of death, disability or other termination of employment and may also provide pre-retirement benefits. They may also include benefits to survivors and their dependents, and they may contain early retirement or other special features. OPIC's contributions to both retirement plans, as well as to the government-wide Federal Insurance Contribution Act, administered by the Social Security Administration, are recognized as current operating expenses. Federal employee benefits also include the Thrift Savings Plan. For FERS employees, OPIC matches employee contributions to the plan, subject to limitations. The matching contributions are recognized as current operating expenses.

Imputed Financing Costs

OPIC recognizes the full cost of providing all employee benefits and future retirement benefits, including life and health insurance, at the time employee services are rendered. Eligible retired OPIC employees can continue to participate in health and life insurance plans. The cost of these benefits is funded through Agency contributions, employee compensation to the extent withheld from employee and retiree pay, from matching of employee withholding for Thrift Savings Plan and Federal Insurance Contributions Act (FICA), and by the Office of Personnel Management (OPM) which administers the retirement programs for OPIC employees. The OPM calculates imputed costs as the actuarial present value of future benefits attributed to services rendered by covered employees and eligible retired OPIC employees during the accounting period, net of the amounts contributed by employees, retirees and the Agency. OPIC recognizes these imputed costs in the statement of net cost and imputed financing in the statement of changes in net position.

Federal Employees' Compensation Act

The Federal Employees' Compensation Act provides income and medical cost protection to covered federal civilian employees injured on the job and to beneficiaries of employees whose deaths are attributable to job-related injury or disease. The FECA program is administered by the Department of Labor. The Department of Labor pays valid claims as they occur, which are billed to OPIC annually and funded and paid approximately 15 months later. The Department of Labor also calculates an estimated actuarial liability for future benefits based upon historical experience and other economic variables.

H. Insurance Program

In FY 2018, the Insurance Program liability represents claims incurred but not reported, resulting from insured events that have occurred as of the reporting date and from claims submitted but not yet paid. The amount recognized in the balance sheet is a liability known with certainty; plus, an accrual for a contingent liability to be recognized when an existing condition, situation, or set of circumstances involving uncertainty is resolved. Possible losses are determined when one or more future events occur or fail to occur; a future outflow or other sacrifice of resources becomes probable, and the future outflow or sacrifice of resources is measurable.

In FY 2019, due to the implementation of Statement of Federal Financial Accounting Standard 51, *Insurance Programs*, the Insurance Program liability represents the liability for unearned premiums and fees, claims incurred but not reported, claims submitted but not yet paid, and estimated losses on remaining coverage. The losses on remaining coverage includes the estimated amounts to be paid to settle claims, including claim adjustment expenses for the remaining open arrangement period, net of unearned premiums as of the end of the fiscal year, and net of future premiums due after the end of the fiscal year that relate to the remaining open arrangement period.

I. Commitments and Contingencies

OPIC is currently involved in certain legal claims and has received notifications of potential claims in the normal course of business. There are substantial factual and legal issues that might bar any recovery in these matters. It is not possible to evaluate the likelihood of any unfavorable outcome, nor is it possible to estimate the amount of compensation, if any, that may be determined to be owed in the context of a settlement. Management believes that the resolution of these claims will not have a material adverse impact on OPIC.

J. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent that disclosure of classified information.

NOTE 2: FUND BALANCE WITH TREASURY

Treasury processes cash receipts and disbursements on OPIC's behalf to pay liabilities and finance authorized purchases. The fund balance with Treasury includes general, revolving, and deposit funds in OPIC's accounts. The general fund is used for subsidy and reestimates, revolving funds are used for operating expenses and OPIC's finance and insurance programs, and deposit funds are for taxes withheld on payments to contractors. OPIC's fund balance with Treasury accounts are reconciled with those of Treasury on a regular basis. At September 30, 2019 and September 30, 2018, there were no unreconciled differences between Treasury records and balances reported on OPIC's general ledger. The fund balance with Treasury as of September 30, 2019 and 2018 consists of the following:

(in thousands)	2019	2018
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 746,893	$ 803,982
Unavailable	46,970	53,223
Obligated Balance not yet Disbursed	106,470	103,227
Non-Budgetary Fund Balance with Treasury	9	7
Total	$ 900,342	$ 960,439

OPIC fund balance with treasury is classified as unobligated balance available, unobligated balance unavailable, obligated balance not yet disbursed, and Non-Budgetary FBWT. Unobligated available balances represent amounts that are apportioned for obligation in the current fiscal year and unexpired appropriations available for incurring new obligations. Unobligated unavailable balances represent amounts that are in expired appropriations and not available for incurring new obligations. Obligated balances not yet disbursed include undelivered orders or delivered orders received but not yet paid. Non-Budgetary Fund Balance with Treasury include deposit accounts that do not have budget authority.

NOTE 3: INVESTMENTS

By statute, OPIC is authorized to invest funds derived from fees and other revenues related to its insurance programs in U.S. Treasury Marketable Securities. Investments are carried at face value, net of unamortized discount or premium, and are held to maturity. Premiums or discounts are amortized using the effective yield method. Interest income is compounded semi-annually by Treasury and adjusted to include an accrual for interest earned to September 30. OPIC has the ability and intent to hold its investments until maturity or until the carrying cost can be otherwise recovered. The composition of investments and amortized cost at September 30, 2019 and 2018 is as follows:

	2019				
(in thousands)	Cost	Amortized (Premium)/ Discount	Interest Receivable	Investments, Net	Market Value
U.S. Treasury Marketable Securities:					
Notes	$ 5,485,903	$ 13,813	$ 27,017	$ 5,526,733	$ 5,647,519
Bonds	357,209	(9,965)	3,018	350,262	399,407
Total U.S. Treasury Marketable Securities	$ 5,843,112	$ 3,848	$ 30,035	$ 5,876,995	$ 6,046,926

	2018				
(in thousands)	Cost	Amortized (Premium)/ Discount	Interest Receivable	Investments, Net	Market Value
U.S. Treasury Marketable Securities:					
Notes	$ 5,380,787	$ 9,900	$ 28,199	$ 5,418,886	$ 5,236,823
Bonds	421,137	(15,316)	3,600	409,421	449,217
Total U.S. Treasury Marketable Securities	$ 5,801,924	$ (5,416)	$ 31,799	$ 5,828,307	$ 5,686,040

NOTE 4: ACCOUNTS RECEIVABLE, NET

Accounts receivable are amounts due to OPIC from the public and other Federal agencies. Receivables from the public result from maintenance fees from loans and loan guarantees, and assets acquired in insurance claims settlements. Amounts due from Federal agencies result from reimbursable agreements entered into by OPIC with other agencies to provide various services. Accounts receivable are reduced to net realizable value by an allowance for uncollectible amounts. Allowances are based on management's periodic evaluations of the underlying assets. In its evaluation, management considers numerous factors, including, but not limited to, general economic conditions, asset composition, and prior loss experience. The primary components of OPIC's accounts receivable as of September 30, 2019 and 2018 are as follows:

(in thousands)	2019	2018
Intragovernmental:		
Accounts Receivable	$ -	$ 42
With the Public:		
Accounts Receivable	2,066	1,839
Insurance Settlement	20,774	162
Allowance for Uncollectible Amounts	(1,989)	(1,601)
Accounts Receivable, Net	$ 20,851	$ 442

NOTE 5: DIRECT LOANS AND LOAN GUARANTEES, NON-FEDERAL BORROWERS

Direct Loan and Loan Guarantee Programs

The Federal Credit Reform Act of 1990 (FCRA) governs direct loans made after fiscal year 1991. FCRA loans are valued at the present value of expected future cash flows, discounted at the interest rate of U.S. Treasury Marketable Securities. The subsidy allowance represents the difference between the outstanding loans receivable balance and the net present value of the estimated cash flows of the loans over their remaining term. The subsidy allowance is subtracted from the outstanding loans receivable balance to obtain the net loans receivable balance. FCRA also governs loan guarantees made after fiscal year 1991. The liability is determined by calculating the net present value of expected future cash flows for outstanding guarantees in a manner similar to that used to determine the subsidy allowance for direct loans. Loan guarantee liability can be positive or negative and if negative is reported as an asset on the Balance Sheet. Guaranteed loans acquired by OPIC upon borrower default are established as loans receivable and are valued in a similar manner as direct loans under FCRA.

Budgetary Accounting for Loan Programs

OPIC’s loan disbursements are financed by Agency self-funded appropriation authority for long-term loan subsidy cost and borrowings from Treasury for the remaining non-subsidized portion of the loans. The Congress may authorize one year, multi-year or no year appropriation authority to cover the estimated long-term costs of the loan programs. The non-subsidized portion of each loan disbursement, financed initially under permanent indefinite authority to borrow funds from Treasury, is repaid from collections of loan fees, repayments and default recoveries. Permanent indefinite authority is available to fund any reestimate increase of subsidy costs that occurs after the year in which a loan is disbursed. Reestimate reductions of subsidy costs are returned to Treasury and are unavailable to OPIC. As required by the Federal Credit Reform Act of 1990, OPIC uses budgetary “program accounts” to account for appropriation authority in its credit programs and non-budgetary “financing accounts” to account for credit program cash flow. Estimates and reestimates of credit program subsidy expenses are recorded in OPIC’s program accounts.

Non-Budgetary Credit Reform Financing Accounts

Actual cash flows for direct loan and loan guarantee programs are recorded in separate Credit Reform Financing Accounts within Treasury. These accounts borrow funds from Treasury, make direct loan disbursements, pay claims on guaranteed loans, collect principal, interest, and fees from borrowers, earn interest from Treasury on any un-invested funds, pay interest expense on outstanding borrowings and transfer negative subsidy to Treasury’s general fund receipt account. New subsidy funded from OPIC’s non-credit spending authority and appropriated upward subsidy reestimate are received in program accounts and transferred to non-budgetary credit reform financing accounts. The budgetary resources and activities for these accounts are presented separately in the Statement of Budgetary Resources and the Budget of the United States and are excluded from the determination of the budget deficit or surplus. OPIC also has the authority to collect and retain fees in the non-budgetary credit reform financing accounts designated for oversight and due diligence of the portfolio management.

Subsidy Funding under Federal Credit Reform

FCRA requires that the credit subsidy costs of direct loans and loan guarantees be expensed in the year loans are disbursed. The credit subsidy cost is the net present value of expected cash inflows and outflows over the life of a guaranteed loan, or the difference between the net present value of expected cash flows and the face value of a direct loan. The cost expressed as a percentage of loans disbursed is termed the subsidy rate. OPIC receives annual authority from Congress to self-fund its credit program subsidy. OPIC records subsidy expenses when loans are disbursed. In accordance with FCRA, subsidy costs are reestimated annually.

Interest Receivable

Interest receivable is comprised of accrued interest on loans receivable (direct loans and defaulted loan guarantees). Initial unpaid interest on defaulted loan guarantees that OPIC acquires with the loan, is treated as part of the principal of the loan receivable. Interest income is accrued at the contractual rate on the outstanding principal. Purchased interest is carried at cost.

Valuation Methodology for Direct Loans and Loan Guarantees

The value of direct loans and loan guarantees is based on the net present value of their expected future cash flows. OPIC estimates future cash flows for direct loans and loan guarantees using economic and financial credit subsidy models. OPIC’s models vary in the specific methodologies employed to forecast future program cash flows. In general, however, models for all major credit programs use historical data as the basis for assumptions about future program performance and then translate these assumptions into nominal cash flow estimates by applying rules about program structure. Nominal cash flow forecasts are discounted using the Office of Management and Budget’s Credit Subsidy Calculator that has both forecasted and actual Treasury interest rates. The net loans receivable or the value of assets related to direct loans is not the same as expected proceeds from selling the loans.

Historical data is used as the basis for program performance assumptions. The historical data undergoes quality review and analysis prior to its use in developing model assumptions. Key input to the subsidy models varies by program and includes items such as:

- Contractual terms of the loan or guarantee such as loan amount, interest rate, maturity and grace period
- Borrower characteristics
- Loan performance assumptions, such as default and recovery rates
- Loan fee rates

OPIC’s rating methodology for its Federal Credit Reform reestimates is based on industry best practices and the expert judgment of a core panel of officers from origination, monitoring, credit policy and risk management who worked in conjunction with Moody’s Analytics. The methodology rates the portfolio risk with a consistent and standardized approach.

A. Direct Loans, Net

2019

(in thousands)	Loans Receivable, Gross	Fees & Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Direct Loans, Net
Direct Loans	$ 2,984,325	$ 79,122	$ (113,470)	$ 2,949,977

2018

(in thousands)	Loans Receivable, Gross	Fees & Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Direct Loans, Net
Direct Loans	$ 2,630,867	$ 69,853	$ (171,870)	$ 2,528,850

B. Total Amount of Direct Loans Disbursed

(in thousands)	2019	2018
Direct Loan Disbursements	$ 585,179	$ 392,383

C. Schedule for Reconciling Direct Loan Subsidy Cost Allowance

(in thousands)	2019	2018
Beginning balance of the subsidy cost allowance	$ (171,870)	$ (163,636)
Add: subsidy expense for direct loans disbursed during the year by component:		
Interest rate differential costs	2,583	91
Default costs (net of recoveries)	(40,805)	(40,987)
Fees and other collections	95,373	87,255
Other subsidy costs	(3,898)	(4,136)
Total of the above subsidy expense components	53,253	42,223
Adjustments:		
Fees accrued	(2,101)	(4,721)
Loans written off	38,177	12,250
Subsidy allowance amortization	(81,277)	(75,690)
Other	(605)	(107)
Total adjustments	(45,806)	(68,268)
Total subsidy cost allowance before reestimates	(164,423)	(189,681)
Add or subtract subsidy reestimates by component:		
Interest rate reestimate	45,637	5,985
Technical/default reestimate	5,316	11,826
Total reestimates	50,953	17,811
Ending balance of the subsidy cost allowance	$ (113,470)	$ (171,870)

D. Defaulted Loan Guarantees

2019

(in thousands)	Defaulted Loan Guarantees Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Defaulted Loan Guarantees Receivable, Net
Loan Guarantees	$ 404,893	$ 11,307	$ (339,562)	$ 76,638

2018

(in thousands)	Defaulted Loan Guarantees Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Defaulted Loan Guarantees Receivable, Net
Loan Guarantees	$ 325,815	$ 6,675	$ (219,658)	$ 112,832

E. Outstanding Principal of Loan Guarantees

(in thousands)	2019	2018
Loan Guarantees	$ 9,899,530	$ 8,424,215

F. New Loan Guarantees Disbursed

(in thousands)	2019	2018
Loan Guarantees	$ 2,215,992	$ 1,115,395

G. Schedule for Reconciling the Negative Loan Guarantee Liability

(in thousands)	2019	2018
Beginning balance of the negative loan guarantee liability	$ 153,279	$ 250,133
Add: subsidy income/(expense) for guaranteed loans disbursed during the year by component:		
Default costs (net of recoveries)	(134,740)	(74,604)
Fees and other collections	380,874	196,437
Other subsidy costs	(37,116)	(14,031)
Total of the above subsidy income/(expense) components	209,018	107,802
Adjustments:		
Fees accrued	(214,236)	(200,278)
Actual claims paid	156,998	122,080
Loans acquired	33,912	(26,520)
Subsidy allowance amortization	(392)	4,583
Total adjustments	(23,718)	(100,135)
Ending balance of the negative loan guarantee liability before reestimates	338,579	257,800
Add or subtract subsidy reestimates by component:		
Interest rate reestimate	(9,965)	(22,660)
Technical/default reestimate	(70,192)	(81,861)
Total of the above reestimate components	(80,157)	(104,521)
Ending balance of the negative loan guarantee liability	$ 258,422	$ 153,279

H. Subsidy Rates by Program and Component

	2019				
	Interest	Defaults	Fees & Other Collections	Other	Total
Direct Loans	-	10.39%	(23.21)%	-	(12.82)%
Loan Guarantees:					
Finance Guarantees	-	9.37%	(23.10)%	-	(13.73)%
Investment Funds	-	13.42%	(21.17)%	-	(7.75)%
Limited Arbitral Award Coverage	-	3.59%	(5.98)%	-	(2.39)%
Non-Honoring of Sovereign Guarantees	-	2.24%	(8.40)%	-	(6.16)%

The subsidy rates presented above are consistent with the estimated subsidy rates published in the Federal Credit Supplement to the Budget of the U.S. Government except for differences due to rounding. The published budget formulation subsidy rates are notional, for illustrative purposes only, as OPIC estimates subsidy on a loan-by-loan basis at the time of obligation. These rates cannot be applied to the direct loans and loan guarantees disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from the disbursements of loans obligated in the current and prior fiscal years. Subsidy expense reported in the current year also includes the cost of subsidy reestimates.

I. Administrative Expenses

OPIC incurs administrative expenses to carry out its credit reform programs. This amount is determined by annual appropriation legislation and self-funded by OPIC’s budget authority.

(in thousands)	2019	2018
Direct Loan and Loan Guarantee Administrative Expense	$ 47,520	$ 47,520

NOTE 6: PROPERTY AND EQUIPMENT, NET

The components of property and equipment as of September 30, 2019 and 2018 are as follows:

	2019		
(in thousands)	Cost	Accumulated Depreciation	Net Book Value
With the Public:			
Property and Equipment			
Equipment	$ 3,925	$ (3,253)	$ 672
Leasehold Improvements	11,375	(11,375)	-
Internal-Use Software	9,584	(9,579)	5
Total Property and Equipment, Net	$ 24,884	$ (24,207)	$ 677

	2018		
(in thousands)	Cost	Accumulated Depreciation	Net Book Value
With the Public:			
Property and Equipment			
Equipment	$ 3,296	$ (2,821)	$ 475
Leasehold Improvements	11,375	(11,370)	5
Internal-Use Software	9,584	(9,567)	17
Total Property and Equipment, Net	$ 24,255	$ (23,758)	$ 497

NOTE 7: LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

Liabilities of Federal agencies are classified as liabilities covered or not covered by budgetary resources. OPIC's liabilities not covered by budgetary resources primarily consist of accrued unfunded annual leave. OPIC's liabilities not requiring budgetary resources consists of primarily of rent incentives. As of September 30, 2019 and 2018, liabilities not covered by budgetary resources were as follows:

(in thousands)	2019	2018
Intragovernmental Liabilities Not Covered By Budgetary Resources		
Unfunded FECA Liability	$ 151	$ 101
Total Intragovernmental Liabilities Not Covered By Budgetary Resources	151	101
Liabilities with the Public Not Covered By Budgetary Resources		
Unfunded Annual Leave	3,216	2,912
Actuarial FECA Liability	428	48
Total Liabilities with the Public Not Covered By Budgetary Resources	3,644	2,960
Total Liabilities Not Covered by Budgetary Resources	3,795	3,061
Total Liabilities Covered by Budgetary Resources	4,211,440	3,791,373
Total Liabilities Not Requiring Budgetary Resources	13,092	13,578
Total Liabilities	$ 4,228,327	$ 3,808,012

Liabilities covered by budgetary resources consist of liabilities incurred which are covered by realized budgetary resources as of the Balance Sheet date. Budgetary resources encompass not only new budget authority but also other resources available to cover liabilities for specified purposes in a given year. Available budgetary resources include: (1) new budget authority; (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year; (3) spending authority from offsetting collections (credited to an appropriation or fund account); and (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations. Liabilities are considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the Balance Sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first.

NOTE 8: BORROWINGS FROM TREASURY

OPIC's debt comes from direct borrowings from the U.S. Treasury to fund the portion of direct loans not covered by subsidy appropriations, disbursements of downward subsidy reestimate and pay claims in excess of the amount of subsidy and collections maintained in the non-budgetary financing funds. OPIC's debt as of September 30, 2019 and 2018 consisted of the following:

(in thousands)	2019	2018
Debt to the Treasury		
Beginning Balance	$ 3,475,086	$ 3,014,833
Net Borrowings	354,355	460,253
Ending Balance	$ 3,829,441	$ 3,475,086

NOTE 9: DOWNWARD REESTIMATE PAYABLE TO TREASURY

Federal credit programs are required to transfer to Treasury excess funding. OPIC cannot transfer these funds until they receive authority from OMB which will occur in the succeeding fiscal year. The balance of the downward reestimate for OPIC's finance programs as of September 30, 2019 and 2018 was $253,326 and $204,271, respectively.

NOTE 10: UNEARNED REVENUE

Unearned revenue consists of the following:

(in thousands)	2019	2018
Finance Retainer Fees and Deferred Facility Fees	$ 109,391	$ 90,788
Rent Incentives	13,092	13,578
Total Unearned Revenue:	$ 122,483	$ 104,366

OPIC may charge a retainer and other working capital fees in conjunction with each project. Working capital fees are maintained in non-budgetary financing funds. Facility fees collected in excess of $5,000 are amortized over the life of the project.

NOTE 11: INSURANCE PROGRAM LIABILITIES AND CLAIM RECOVERIES

OPIC provides Political Risk Insurance for overseas investments against three different risks: inconvertibility of currency, expropriation, and political violence. On a case-by-case basis, OPIC may rewrite and renew insurance coverage beyond the initial term of the original insurance contract issued. The initial term is typically 3 to 20 years. The maximum a term can be is 20 years. Policies are renewable yearly at the option of the insured. Insurance premiums received are amortized over the coverage period. Insurance coverage against inconvertibility protects the investor from increased restrictions on the investor's ability to convert local currency into U.S. dollars. Inconvertibility insurance does not protect against devaluation of a country's currency. Expropriation coverage provides compensation for losses due to confiscation, nationalization, or other governmental actions that deprive investors of their fundamental rights in the investment. Insurance against political violence insures investors against losses caused by politically motivated acts of violence (war, revolution, insurrection, or civil strife, including terrorism and sabotage).

In general, pricing is determined based on the individual coverage issues and the unique risk profile of the investment project.

Under most OPIC insurance contracts, investors may obtain all three coverages, but claim payments may not exceed the single highest coverage amount. Claim payments are limited by the value of the investment and the amount of current coverage in force at the time of the loss and may be reduced by the insured's recoveries from other sources. In certain instances, OPIC's requirement to pay up to the single highest coverage amount may be reduced by stop-loss and risk-sharing agreements. Finally, losses on insurance claims may be reduced by recoveries by OPIC as subrogee of the insured's claim against the host government. Payments made under insurance contracts that result in recoverable assets are included in Accounts Receivable net of an allowance for uncollectible amounts.

Recoveries on insurance claims in the amount of $505 thousand, and $500 thousand were received by OPIC as of September 30, 2019 and 2018, respectively.

OPIC's liability for unearned insurance retainer fees and unearned insurance premiums as of September 30, 2019 and 2018 was $16,393 thousand and $17,166 thousand, respectively.

OPIC's liability for unpaid insurance claims and activity is as follows:

(in thousands)	2019
Beginning Balance	$ -
Claims Expense	(505)
Claims incurred	20,678
Payments to Settle Claims	(20,678)
Recoveries and Other Adjustments	505
Ending Balance	$ -

The liability for losses on remaining coverage represents the estimated amounts to be paid to settle claims, including claim adjustment expenses, for the remaining open arrangement period in excess of the sum of both:

a. related unearned premiums as of the end of the reporting period and
b. premiums due after the end of the reporting period that relate to the remaining open arrangement period.

The open arrangement period is the elected coverage period under the insurance policy, since it is the period that the insurance is in-force and unexpired. OPIC has no liability for losses on remaining coverage as of September 30, 2019.

In addition to requiring formal applications for claimed compensation, OPIC's contracts generally require investors to notify OPIC promptly of host government action that the investor has reason to believe is or may become a claim. Compliance with this notice provision sometimes results in the filing of notices of events that do not mature into claims. OPIC has no contingent liabilities related to insurance claims as of September 30, 2019.

OPIC's current exposure for all policies in force, or Current Exposure to Claims at September 30, 2019 and 2018 was $2.1 billion and $2.1 billion, respectively. OPIC's broader measure of exposure is limited to "Maximum Contingent Liability" as defined in legislation as $3.8 billion and $3.9 billion at September 30, 2019 and 2018, respectively. This amount is OPIC's estimate of maximum exposure to insurance claims, which includes standby coverage for which OPIC is committed but not currently at risk.

NOTE 12: OTHER LIABILITIES

OPIC's total other liabilities as of September 30, 2019, is as follows:

(in thousands)	2019 Non-Current Liabilities	2019 Current Liabilities	2019 Total Liabilities
Intragovernmental:			
Employer Contributions & Payroll Taxes Payable	$ -	$ 305	$ 305
Unfunded FECA Liability	83	68	151
Total Intragovernmental	83	373	456
With the Public:			
Accounts Payable	-	81	81
Accrued Funded Payroll & Benefits	-	2,303	2,303
Employer Contribution & Payroll Taxes Payable	-	99	99
Accrued Unfunded Annual Leave	-	3,216	3,216
Liability for Deposit Funds	-	101	101
Actuarial FECA Liability	428	-	428
Total Liabilities With the Public	428	5,800	6,228
Total Other Liabilities	$ 511	$ 6,173	$ 6,684

OPIC's total other liabilities as of September 30, 2018, is as follows:

(in thousands)	2018 Non-Current Liabilities	2018 Current Liabilities	2018 Total Liabilities
Intragovernmental:			
Employer Contributions & Payroll Taxes Payable	$ -	$ 469	$ 469
Unfunded FECA Liability	86	15	101
Total Intragovernmental	86	484	570
With the Public:			
Accounts Payable	-	1,207	1,207
Accrued Funded Payroll & Benefits	-	2,287	2,287
Accrued Unfunded Annual Leave	-	2,912	2,912
Liability for Deposit Funds	-	99	99
Actuarial FECA Liability	48	-	48
Total Liabilities With the Public	48	6,505	6,553
Total Other Liabilities	$ 134	$ 6,989	$ 7,123

NOTE 13: LEASES

Operating Leases

OPIC leases commercial facilities under a multi-year operating lease agreement, as amended, which expires in May 2029. Under the terms of the lease, OPIC receives a tenant improvement allowance for space refurbishment as well as other incentives. The value of these incentives are deferred in the balance sheet and are amortized to recognize rent expense on a straight-line basis over the life of the lease. Rental expense was approximately $6.5 million for both fiscal years 2019 and 2018. Future rental payments are as follows:

(in thousands) Fiscal Year	Non-federal Lease Payments
2020	$ 7,376
2021	7,560
2022	7,594
2023	7,565
2024	7,753
After 2024	38,076
Total Future Lease Payments	$ 75,924

NOTE 14: BUDGETARY RESOURCES

Permanent Indefinite Appropriations

The Federal Credit Reform Act of 1990 authorizes permanent, indefinite appropriations from Treasury, as appropriate, to carry out all obligations resulting from the financing program. Permanent indefinite authority is available to fund any reestimated increase of subsidy costs that occurs after the year in which a loan is disbursed. Reestimated reductions of subsidy costs are returned to Treasury and are unavailable to OPIC.

Section 235(c) of the Foreign Assistance Act of 1961 (FAA) established a fund which shall be available for discharge of liabilities under insurance or reinsurance or under similar predecessor authority. All valid claims arising from insurance issued by OPIC constitute obligations on which the full faith and credit of the United States of America is pledged for full payment. Should funds in OPIC's reserves not be sufficient to discharge obligations arising under insurance, and if OPIC exceeds its $100 million borrowing authority authorized by statute for its insurance program, funds would have to be appropriated to fulfill the pledge of full faith and credit to which such obligations are entitled. Standing authority for such appropriations is contained in Section 235(f) of the FAA.

Borrowing Authority

OPIC is required to borrow from the U.S. Treasury's Bureau of the Fiscal Service to fund the unsubsidized portion of direct loan disbursements and is authorized to borrow when funds are needed to disburse negative subsidy and pay claims in excess of the amount of subsidy and collections maintained in the financing funds. At the end of fiscal year 2019 and 2018, OPIC had $3,123 million and $2,370 million, respectively, in borrowing authority carried over to fund direct loans and pay future claims.

Undelivered Orders at the End of the Period

Undelivered Orders include loan and related subsidy obligations that have been issued but not disbursed and obligations for goods and services ordered that have not been received. OPIC's undelivered orders, paid and unpaid, as of September 30, 2019 and 2018 consisted of the following:

Undelivered Orders through September 30

	2019			2018		
(*in thousands*)	Federal	Non-Federal	Total	Federal	Non-Federal	Total
Unpaid	$ 1,042,456	$ 2,461,774	$ 3,504,230	$ 840,913	$ 1,822,632	$ 2,663,545
Paid	-	15	15	42	21	63
Total Obligations	$ 1,042,456	$ 2,461,789	$ 3,504,245	$ 840,955	$ 1,822,653	$ 2,663,608

NOTE 15: EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires federal agencies and entities to explain material differences between amounts reported in the Statement of Budgetary Resources and the actual amounts reported in the Budget of the U.S. Government (the President's Budget). The FY 2021 President's Budget which presents the actual amounts for the year ended September 30, 2019, has not been published as of the issue date of these financial statements. The President's Budget is scheduled for publication in the spring of FY 2020 and can be found on the OMB website: http://www.whitehouse.gov/omb.

Balances reported in the FY 2018 Statement of Budgetary Resources and the related President's Budget are shown in a table below for *Budgetary Resources, Obligations, Distributed Offsetting Receipts*, *Net Outlays* and any related differences. The differences reported are due to differing reporting requirements for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both unexpired and expired appropriations, while the President's Budget discloses only unexpired budgetary resources that are available for new obligations. Additionally, differences exist due to *Distributed Offsetting Receipts* reported on the SBR, but not on the President's Budget and due to rounding variances for *Budgetary Resources* and *Obligations.*

	2018			
(in millions)	Budgetary Resources	New Obligations & Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 8,161	$ 1,617	$ 425	$ (43)
Included in SBR, not in President's Budget				
Expired Accounts	(48)	-	-	-
Distributed Offsetting Receipts	-	-	(425)	425
Rounding	(1)	1	-	1
Budget of the United States Government	$ 8,112	$ 1,618	$ -	$ 383

NOTE 16: RECONCILIATION OF NET COST OF OPERATIONS TO NET OUTLAYS

Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

For the year ended September 30, 2019

(in thousands)	Intra governmental	With the public	Total
Net Cost	$ (25,119)	$ (311,557)	$ (336,676)
Components of Net Cost That Are Not Part of Net Outlays:			
Property and Equipment Depreciation	-	(450)	(450)
Year-end Credit Reform subsidy Reestimates	(24,909)	278,221	253,312
Increase/(decrease) in assets:			
Accounts Receivable	(8,493)	20,451	11,958
Credit Program Receivable	-	404,500	404,500
Negative Loan Guarantee Liability	-	105,143	105,143
Investments	4,318	-	4,318
(Increase)/decrease in liabilities:			
Unearned Revenue	-	(18,117)	(18,117)
Subsidy Payable to the Financing Account	290,981	-	290,981
Downward Reestimate Payable to Treasury	(49,055)	-	(49,055)
Insurance Program Liabilities	-	773	773
Other Liabilities	114	325	439
Other Financing Sources:			
Imputed Costs	(2,218)	-	(2,218)
Total Components of Net Cost That Are Not Part of Net Outlays	210,738	790,846	1,001,584
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Property and Equipment	-	630	630
Distributed Offsetting Receipts	(481,785)	-	(481,785)
Total Components of Net Outlays That Are Not Part of Net Cost	(481,785)	630	(481,155)
Net Outlays	$ (296,166)	$ 479,919	$ 183,753
Related Amounts on the Statement of Budgetary Resources			
Outlays, net			$ 665,538
Distributed Offsetting Receipts			(481,785)
Agency Outlays, Net			$ 183,753

NOTE 16: RECONCILIATION OF NET COST OF OPERATIONS TO NET OUTLAYS *(continued)*

For the year ended September 30, 2018

(in thousands)	Intra governmental	With the public	Total
Net Cost	$ (13,209)	$ (135,313)	$ (148,522)
Components of Net Cost That Are Not Part of Net Outlays:			
Property and Equipment Depreciation	-	(902)	(902)
Year-end Credit Reform subsidy Reestimates	(86,710)	166,961	80,251
Increase/(decrease) in assets:			
Accounts Receivable	(97,762)	(709)	(98,471)
Credit Program Receivable	-	204,360	204,360
Negative Loan Guarantee Liability	-	(96,854)	(96,854)
Investments	(8,608)	-	(8,608)
(Increase)/decrease in liabilities:			
Unearned Revenue	-	(2,172)	(2,172)
Subsidy Payable to the Financing Account	388,711	-	388,711
Downward Reestimate Payable to Treasury	66,024	-	66,024
Insurance Program Liability	-	627	627
Other Liabilities	(266)	268	2
Other Financing Sources:			
Imputed Costs	(2,147)	-	(2,147)
Total Components of Net Cost That Are Not Part of Net Outlays	259,242	271,579	530,821
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Property and Equipment	-	151	151
Distributed Offsetting Receipts	(425,120)	-	(425,120)
Total Components of Net Outlays That Are Not Part of Net Cost	(425,120)	151	(424,969)
Net Outlays	$ (179,087)	$ 136,417	$ (42,670)
Related Amounts on the Statement of Budgetary Resources			
Outlays, net			$ 382,450
Distributed Offsetting Receipts			(425,120)
Agency Outlays, Net			$ (42,670)

NOTE 17: RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COSTS, AND STATEMENT OF CHANGES IN NET POSITION FOR FINANCIAL REPORTING COMPILIATION PROCESS

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows OPIC's financial statements and OPIC's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2018 FR can be found here: https://www.fiscal.treasury.gov/reports-statements/ and a copy of the 2019 FR will be posted to this site as soon as it is released.

The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

Reclassification of Balance Sheet to Line Items Used for the Government-wide Balance Sheet

As of September 30, 2019

FY 2019 OPIC Balance Sheet		**Line Items Used to Prepare FY 2019 Government-wide**	
Financial Statement Line	**Amounts** *(in thousands)*	**Amounts** *(in thousands)*	**Reclassified Financial Statement Line**
ASSETS			**ASSETS**
Intra-Governmental Assets			**Intra-Governmental Assets**
FBWT	$ 900,342	$ 900,342	FBWT
Investments, Net	5,876,995	5,846,960	Federal Investments
		30,035	Interest Receivable - Investments
Total Investments, Net	5,876,995	5,876,995	Total Reclassified Investments, Net
Total Intra-governmental Assets	6,777,337	6,777,337	**Total Intra-governmental Assets**
Accounts Receivable, Net	20,851	20,836	Accounts and Taxes Receivable
		15	Other Assets
Total Accounts Receivable, Net	20,851	20,851	Total Accounts Receivable, Net

FY 2019 OPIC Balance Sheet		**Line Items Used to Prepare FY 2019 Government-wide**	
Financial Statement Line	**Amounts** *(in thousands)*	**Amounts** *(in thousands)*	**Reclassified Financial Statement Line**
Credit Program Receivable, Net	3,093,403	3,024,277	Loans Receivable, Net
		69,126	Accounts and Taxes Receivable
Total Credit Program Receivable, Net	3,093,403	3,093,403	Total Credit Program Receivable, Net
Negative Loan Guarantee Liability	258,422	258,422	Loan Guarantee Liability
Property and Equipment, Net	677	677	PP&E, Net
Total Assets	$ 10,150,690	$ 10,150,690	**Total Assets**
LIABILITIES			**LIABILITIES**
Intra-Governmental Liabilities			**Intra-Governmental Liabilities**
Borrowings from Treasury	$ 3,829,441	$ 3,829,441	Loans Payable
Downward Reestimate Payable to Treasury	253,326	253,326	Liability to General Fund for Custodial and Other Non-Entity Assets
Other Liabilities	456	456	Benefit Program Contributions Payable
Total Intra-Governmental Liabilities	4,083,223	4,083,223	**Total Intra-Governmental Liabilities**
Unearned Revenue	122,483	122,483	Other Liabilities
Insurance Program Liabilities	16,393	15,395	Insurance and Guarantee Program Liabilities
		998	Other Liabilities
Total Insurance Program Liabilities	16,393	16,393	Total Insurance Program Liabilities
Other Liabilities	6,228	5,620	Other liabilities
		80	Accounts Payable
		528	Federal Employee and Veteran Benefits Payable
Total Other Liabilities	6,228	6,228	Total Reclassified Other Liabilities
Total Liabilities	$ 4,228,327	$ 4,228,327	**Total Liabilities**
NET POSITION			
Unexpended Appropriations	$ 7,714	$ -	
Cumulative Results of Operations	5,914,649	5,922,363	Net Position – Funds Other than those from Dedicated Collections
Total Net Position	5,922,363	5,922,363	Total Net Position
Total Liabilities & Net Position	$ 10,150,690	$ 10,150,690	**Total Liabilities & Net Position**

Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost

For the Period Ended September 30, 2019

FY 2019 OPIC Statement of Net Cost		**Line Items Used to Prepare FY 2019 Government-wide**	
Financial Statement Line	**Amounts** *(in thousands)*	**Amounts** *(in thousands)*	**Reclassified Financial Statement Line**
Gross Costs	$ -	$ (155,817)	Non-Federal Gross Cost
Operating Costs	196,476	6,878	Benefit Program Costs
Subsidy costs	(262,271)	2,218	Imputed Costs
Reestimates	24,203	-	
Insurance claim recoveries	(505)	-	
	-	1,837	Buy/Sell Costs
	-	102,787	Borrowing and Other Interest Expense
Total Gross Costs	(42,097)	(42,097)	**Total Reclassified Gross Costs**
Earned Revenue	(294,579)	(126,500)	Non-Federal Earned Revenue
		(1,639)	Buy/Sell Revenue
		(137,016)	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		(29,424)	Borrowing and Other Interest Revenue
		(168,079)	Total Intragovernmental Earned Revenue
Total Earned Revenue	(294,579)	(294,579)	**Total Reclassified Earned Revenue**
Net Cost	$ (336,676)	$ (336,676)	**Net Cost**

Reclassification of Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Changes in Net Position

For the Period Ended September 30, 2019

FY 2019 OPIC Statement of Changes in Net Position		**Line Items Used to Prepare FY 2019 Government-wide**	
Financial Statement Line	**Amounts** *(in thousands)*	**Amounts** *(in thousands)*	**Reclassified Financial Statement Line**
Unexpended Appropriations			
Unexpended Appropriations, Beginning Balance	$ 4,000	$ 4,000	Net Position, Beginning of Period
Appropriations received	290,276	290,276	Appropriations Received as Adjusted
Appropriations transferred in/out	5,200	5,200	Non-Expenditure Transfers-in of Unexpended Appropriations and Financing Sources (Federal)
Appropriations Used	(291,762)	(291,762)	Appropriations Used (Federal)
Total Unexpended Appropriations	7,714	7,714	**Total Unexpended Appropriations**
Cumulative Results of Operations			
Cumulative Results, Beginning Balance	5,819,855	5,819,855	Net Position, Beginning of Period
Appropriations Used	291,762	291,762	Appropriations Expended
Transfers In/Out without Reimbursement - Budgetary	(21)	82,115	Non-Expenditure Transfers-in of Unexpended Appropriations and Financing
		(82,136)	Non-Expenditure Transfers-out of Unexpended Appropriations and Financing Sources
		535,841	Transfers-in Without Reimbursement
		(535,841)	Transfers-out Without Reimbursement
Total Transfers In/Out without Reimbursement - Budgetary	(21)	(21)	Total Reclassified Transfers in/out without Reimbursement - Budgetary

FY 2019 OPIC Statement of Changes in Net Position		**Line Items Used to Prepare FY 2019 Government-wide**	
Financial Statement Line	**Amounts** *(in thousands)*	**Amounts** *(in thousands)*	**Reclassified Financial Statement Line**
Offset to Non-entity Collections	(535,841)	(481,785)	Non-Entity Custodial Collections Transferred to the General Fund
		(54,056)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
Total offset non-entity collections	(535,841)	(535,841)	Total Reclassified Offset Non-Entity Collections
Imputed Financing	2,218	2,218	Imputed Financing Sources (Federal)
Total Financing Sources	(241,882)	(241,882)	**Total Financing Sources**
Net (Cost)/Benefit of Operations	336,676	336,676	Reclassified Net Cost of Operations
Ending Balance - Cumulative Results of Operations	5,914,649	5,914,649	**Net Position - Ending Balance**
Total Net Position	$ 5,922,363	$ 5,922,363	**Total Net Position**

COMBINING STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNT
For the year ended September 30, 2019

(in thousands)	2019 Insurance Budgetary	2019 Financing Budgetary	2019 Non-Budgetary Credit Reform Accounts
Budgetary Resources			
Unobligated Balance from Prior Year Budget Authority, Net	$ 5,803,447	$ 77,128	$ 393,230
Appropriations	-	290,276	-
Borrowing Authority	-	-	2,153,385
Spending Authority from Offsetting Collections	116,629	70,437	514,204
Total Budgetary Resources	$ 5,920,076	$ 437,841	$ 3,060,819
Status of Budgetary Resources			
New obligations and upward adjustments (total)	$ 111,763	$ 369,072	$ 2,504,250
Unobligated Balance, End of Year			
Apportioned, unexpired accounts	22,640	21,828	151,874
Unapportioned, unexpired accounts	5,785,644	-	404,695
Unexpired unobligated balance, end of year	5,808,284	21,828	556,569
Expired unobligated balance, end of year	29	46,941	-
Unobligated Balance, end of year (total)	5,808,313	68,769	556,569
Total Budgetary Resources	$ 5,920,076	$ 437,841	$ 3,060,819
Outlays, net	(96,455)	353,745	408,248
Distributed Offsetting Receipts	-	-	(481,785)
Agency Outlays, Net	$ (96,455)	$ 353,745	$ (73,537)

OVERSEAS PRIVATE INVESTMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

COMBINING STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNT
For the year ended September 30, 2018

(in thousands)	2018 Insurance Budgetary	2018 Financing Budgetary	2018 Non-Budgetary Credit Reform Accounts
Budgetary Resources			
Unobligated Balance from Prior Year Budget Authority, Net	$ 5,715,018	$ 83,185	$ 392,415
Appropriations	-	376,573	-
Borrowing Authority	-	-	724,489
Spending Authority from Offsetting Collections	144,248	67,520	657,942
Total Budgetary Resources	$ 5,859,266	$ 527,278	$ 1,774,846
Status of Budgetary Resources			
New obligations and upward adjustments (total)	$ 79,939	$ 443,790	$ 1,093,209
Unobligated Balance, End of Year			
Apportioned, unexpired accounts	33,684	33,089	-
Unapportioned, unexpired accounts	5,745,594	143	681,637
Unexpired unobligated balance, end of year	5,779,278	33,232	681,637
Expired unobligated balance, end of year	49	50,256	-
Unobligated Balance, end of year (total)	5,779,327	83,488	681,637
Total Budgetary Resources	$ 5,859,266	$ 527,278	$ 1,774,846
Outlays, net	(131,696)	441,031	73,115
Distributed Offsetting Receipts	-	-	(425,120)
Agency Outlays, Net	$ (131,696)	$ 441,031	$ (352,005)

REPORT ON IMPROPER PAYMENTS

In accordance with Office of Management and Budget (OMB) guidance on the implementation of the Improper Payments Information Act (IPIA) of 2002, as amended by the Improper Payments and Elimination and Recovery Act of 2010 and the Improper Payments and Elimination and Recovery Improvement Act of 2012, OPIC's review of its programs and activities confirms that the agency has adequate internal controls in place over program and administrative disbursements to ensure that the risk of improper payments is low. OPIC's review includes an evaluation of OMB identified risk factors as well OPIC's internal business processes and controls.

Based on the number of OPIC programs, the relatively small number of annual disbursements, the multiple clearances required for each disbursement, the risk assessment, and the internal controls in place for all disbursements, OPIC has concluded that its payment processes are not susceptible to significant improper payment risks and OPIC's overall risk rating is low.